

**Exhibit H**

2007 GO Refunding Bond Insurance Policy



**Financial Guaranty Insurance Company**

125 Park Avenue  
New York, NY 10017  
T 212·312·3000  
T 800·352·0001

## **Municipal Bond New Issue Insurance Policy**

**Issuer:** Commonwealth of Puerto Rico

**Policy Number:** 07010415

**Control Number:** 0010001

**Bonds: \$173,035,000.00 in aggregate  
principal amount of Public  
Improvement Refunding Bonds,  
Series 2007A-1 maturing July 1, 2021  
and July 1, 2022 and Series 2007A-5  
maturing on July 1, 2032**

**Premium:** \$5,206,230.37

Financial Guaranty Insurance Company (“Financial Guaranty”), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay U.S. Bank Trust National Association or its successor, as its agent (the “Fiscal Agent”), for the benefit of Bondholders, that portion of the principal and interest on the above-described debt obligations (the “Bonds”) which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent, in form reasonably satisfactory to it, of (i) evidence of the Bondholder’s right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder’s rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder’s rights thereunder, including the Bondholder’s right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term “Bondholder” means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. “Due for Payment” means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date for payment of interest. “Nonpayment” in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal and interest



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Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

**President**

**Authorized Representative**

**Effective Date: October 16, 2007**

U.S. Bank Trust National Association acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

**COUNTERSIGNATURE:**

EASTERN AMERICAN INSURANCE AGENCY, INC.  
Licensed Resident Agent

**Authorized Officer**



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125 Park Avenue  
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## **Endorsement**

### To Financial Guaranty Insurance Company Insurance Policy

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**Policy Number:** 07010415

**Control Number:** 0010001

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It is further understood that the term "Nonpayment" in respect of a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

**President**

**Effective Date:** October 16, 2007

**Authorized Representative**

**Acknowledged as of the Effective Date written above:**

**COUNTERSIGNATURE:**

**Authorized Officer**  
**U.S. Bank Trust National Association, as Fiscal Agent**

EASTERN AMERICA INSURANCE AGENCY, INC.

Licensed Resident Agent



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**Endorsement**  
**To Financial Guaranty Insurance Company**  
**Insurance Policy**

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**Policy Number:** 07010415

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It is further understood that the term "Due for Payment" includes each date on which payment of principal or interest on Bank Bonds (as such term is defined in the Bond Resolution of the Issuer adopted October 3, 2007 authorizing and securing the Bonds (the "Resolution")) is due: in the case of principal, by reason of mandatory redemption pursuant to Section 22(c) of the Resolution and Section 3.04 of the Standby Bond Purchase Agreement dated October 16, 2007 among the Issuer, the Tender Agent and JPMorgan Chase Bank, National Association (the "SBPA") and, in the case of interest (including the Differential Interest Amount, as defined in the SBPA) at the Bank Bond Rate (as defined in the Resolution).

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

**President**

**Authorized Representative**

**Effective Date:** October 16, 2007

**Acknowledged as of the Effective Date written above:**

**Authorized Officer**  
**U.S. Bank Trust National Association, as Fiscal Agent**

**COUNTERSIGNATURE:**

**Licensed Resident Agent**